

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6911**

**BILL NUMBER: SB 344**

**NOTE PREPARED: Jan 4, 2012**

**BILL AMENDED:**

**SUBJECT:** State taxation.

**FIRST AUTHOR:** Sen. Hershman

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Pending

**Summary of Legislation:** Repeals the prohibition against using the value of federal income tax credits awarded under Section 42 of the Internal Revenue Code for purposes of determining the assessed value of low income housing tax credit property. Permits the fiscal body of a city or town, or the county, in the case of an unincorporated area, to authorize the unit's redevelopment commission to establish a residential historic rehabilitation grant program. Permits the fiscal body to annually appropriate money for the grant program from the property tax increment resulting from any additional property taxes collected as a result of repealing the prohibition against using the value of federal income tax credits in determining the assessed value of low income housing tax credit property. Specifies the assessed value for outdoor signs for the 2011 through 2014 assessment dates. Requires the commission on state tax and financing policy to study the assessment of outdoor signs. Separates the township assistance levy from the township's general fund levy, and provides for a levy based on a rate calculation that must be used to determine a township's assistance levy after 2012. Phases in the change through 2014. Freezes a township's township assistance rate for levy determinations after 2014. Permits a township to increase the township assistance levy only if there is a corresponding reduction in the township's general fund levy. Adjusts the maximum levy for Clark County. Exempts from the utility receipts tax any payments of severance damages or other compensation resulting from a change in assigned service area boundaries between electricity suppliers. Specifies that industrial processors and those engaged in floriculture and arboriculture do not have to file a sales tax refund claim if the utility service is separately metered, or it has been determined that the utility service is predominantly used in industrial processing, horticulture, or arboriculture. Provides a sales and use tax exemption for transactions involving tangible personal property by a company that is engaged in offering a competitive racing experience in a two-seater Indianapolis 500 style race car during a competitive racing event. Provides a sales and use tax exemption for the purchase or lease of a new qualified compressed natural gas or plug-in electric vehicle if the retail transaction occurs from July 1, 2012, through December 31, 2016. Limits the exemption to \$1,000

of sales tax liability. Limits the total exemptions statewide to \$5,000,000 in sales and use tax liability. Provides that the exemption may be claimed for only one vehicle per individual during the period and not more than ten vehicles per business entity. Provides an income tax credit of 25% of the sales and use tax owed for expenditures on tangible personal property used for compressed gas fueling and electric charging facilities, including pumps, piping, containment areas, wiring, or other necessary infrastructure that support these facilities. Limits the total income tax credits statewide to \$10,000,000 per state fiscal year. Provides that the following income tax credits may not be granted after December 31, 2016: Airport development zone employment expense credit. Airport development zone investment credit. Airport development zone loan interest credit. Alternative fuel vehicle manufacturing investment credit. Blended biodiesel production/sales credit. Capital investment credit. Coal combustion products credit. Integrated coal gasification technology investment credit. Community revitalization enhancement district credit. Computer equipment donation credit. Earned income tax credit. Economic development for a growing economy (EDGE) credit. Enterprise zone employment expense credit. Enterprise zone investment credit. Enterprise zone loan interest credit. Ethanol production credit. Headquarters relocation credit. Historic rehabilitation credits. Hoosier business investment credit. Indiana colleges and universities contribution credit. College Choice 529 education savings account contribution credit. Indiana insurance guaranty association assessment credit. Individual development account contribution credit. Industrial recovery investment credit. Lake County homestead tax credit. Military base investment credit. Military base recovery investment credit. Neighborhood assistance credit. New employer credit. Prison investment credit. Research expense credit. Residential historic rehabilitation credit. Riverboat building costs credit. School scholarship grant credit. Twenty-first century scholars program credit. Unified tax credit for the elderly. Venture capital investment credit. Repeals the laws allowing for a consolidated sales and withholding tax return. Requires all sales tax returns and payments, excluding those retail merchants whose state gross retail and use tax liability in the previous calendar year does not exceed \$1,000, to be filed and remitted electronically. Makes a technical change regarding the details for the amount of an E85 deduction. Corrects references to the Internal Revenue Code in the income tax law. Provides that a decedent's estate and a trust do not have to file an Indiana fiduciary return if the gross income for the year is less than \$600. Provides that withholding tax payments may be made annually if the total withholding tax due for the year is less than \$1,000. Changes the due dates for annual one-time withholding for a nonresident partner and for a nonresident shareholder in an S corporation to April 15. Changes the reporting date for partnerships that make periodic withholding payments from January 30 to March 15. Requires any person filing more than 25 copies of certain tax forms to file reports electronically. Removes the prohibition of taking a case to the tax court if the department of state revenue takes longer than three years to settle a claim.

**Effective Date:** Upon passage; January 1, 2011 (retroactive); March 1, 2011 (retroactive); July 1, 2012; January 1, 2013; July 1, 2013.

**Explanation of State Expenditures:** *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.